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FULL RECOVERY OR STAGNATION?

THE EDITORS

THEORIES OF DEVELOPMENT

RICHARD R. FAGEN

THE ZIMBABWE LESSON

NATHANIEL BOBO

In Search of Critical Games

BERTELL OLLMAN

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CONTENTS | VOLUME 35 NUMBER 4 SEPTEMBER 1983

REVIEW OF THE MONTH: Full Recovery or Stagnation?
by The Editors 1
THEORIES OF DEVELOPMENT: THE QUESTION OF CLASS STRUGGLE
by Richard R. Fagen 13
THE ZIMBABWE LESSON by Nathaniel Bobo 25
IN SEARCH OF CRITICAL GAMES by Bertell Ollman 42
BOOKS:
The Great Depression by Paul M. Sweezy 51
Legal Fictions by Katherine Van Wezel Stone 57
CORRESPONDENCE:
Bats in the Belfry: On the Capitalist State by Bill Livant 63
U. S. Nuclear Policy by Brian Scanlon 64

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NOTES FROM THE EDITORS

In this space in the July-August special summer issue we wrote, "The good news is that MR will continue, we hope for a long time to come." That was written in June before summer book orders had started to come in. College bookstores place orders for books assigned by professors for the first semester of the coming academic year two or three months before the terms starts in September, so that financially speaking, this is a crucial period. And we have to report, as the period draws to a close, that results this year have been dismal. According to the news media, the economy is in a vigorous recovery, but there are precious few signs of it where it counts for us, i.e., in the order books. So the improved outlook of late spring gives way in late summer to renewed doubts about MR's ability to survive. Regrettably, you will be hearing more about this in the weeks and months ahead; for now we will only urge instructors who intend to assign MR Press books in first-term courses but have not yet done so to act at once.

(Continued on inside back cover)

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FULL RECOVERY OR STAGNATION?

This was the title of a book by Alvin Hansen published in 1938. It was concerned with the two most basic economic problems of the 1930s: (1) Why did the cyclical recovery which began in 1933 come to an end and the economy turn down in the summer of 1937 when unemployment was still more than 14 percent of the labor force? And (2) what was likely to be the fate of the recovery of 1938 which was underway at the time of the book's publication?

Hansen's answer to the first question was essentially simple: forward-looking private investment, which had been the historic driving force of capitalist development, collapsed in the 1929-33 downswing and failed to stage a comeback in the subsequent recovery. This recovery was led by consumption and sustained for several years by the rebuilding of depleted inventories and replacement of worn-out and obsolete plant and equipment. With the completion by 1937 of this rebuilding and replacement process, the bottom fell out of investment again, and this in turn triggered a cumulative slide in consumption and production.*

Hansen's second concern was the likely course of the recovery which began in the middle of 1938. The main factor in turning the economy around was the rebuilding of inventories which had been rapidly depleted in the downswing. But there

* A further blow to consumption in 1937 resulted from the initiation in that year of social security payroll taxes designed to build up a reserve fund for later distribution. This intensified the downturn but did not cause it.

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were other factors as well—particularly a reversal of the government's deflationary fiscal policy and an increase in exports due to European rearmament—and by the end of 1938 things were back to where they had been before the recession. Would the recovery continue this time, or would it falter again as the upswing of 1933-37 had faltered? Full recovery or stagnation?

Cautious by temperament, Hansen was not one to indulge in flat-out predictions. But he left no doubt in readers' minds about the direction of his thinking. The last part of the book is full of observations on the changes that had taken place in capitalism since the nineteenth century. A typical passage is worth quoting at length:

> It was one thing to find adequate investment outlets in a century quite unique in the world's history—a century with vast, rich areas inviting large capital outlays on housing, manufacturing, and transportation equipment. In such an expanding economy investment outlets were easy to find and indeed the main difficulty was a shortage of capital and manpower. Now all this has changed and we are confronted with an economy with no large, rich areas anywhere in the entire globe . . . and with a practically stationary population in the industrial countries. It is a plain fact that a perfectly enormous amount of capital was absorbed in the nineteenth century for no other reason than the tremendous rate of population growth. England's population quadrupled in a hundred years; Europe's tripled and ours increased fifteenfold in a single century.
>
> I hear people say sometimes, "Well, how is the situation any different now from what it was in the eighties when the Cassandras were all saying, 'we are all through; there aren't any more worlds to conquer'?" But the decline in population growth *is* a new fact that differentiates our age from that of the nineteenth century—a fact of profound significance for investment outlets.
>
> Yet as one looks back over the last hundred and fifty years, it seems clear that there were not even then always present adequate opportunities for new investment. The industrial revolution for a time gave rise to a great burst of investment in plant and equipment. There followed a period of readjustment and relative stagnation. Then came the railway age and another period of vast capital expenditures. The railway age ran its course and gradually reached a saturation point. Then came the electrical and automobile age, and with it new outlets for investment, involving a host of accessory industries, including roads. Extremely important for the history of economic evolution is the emergence, growth, maturity, and decline of dominant industries. Thus the investment

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outlets created by technological progress have come not in a steady continuous stream, but in "long-waves" of expansion and stagnation. . . .

A capitalistic economy with a machine method of production has taken the place of a handicraft economy with its direct production processes. The transformation of a rural economy into a capitalistic one is something distinctly different from the further evolution of a society which has already reached the status of a fully developed machine technique. It is true that we are still engaged in making labor-saving inventions. Extremely important, however, is the question: are these new labor-saving techniques likely to be preponderantly capital-using or neutral with respect to the use of capital?

If the labor-saving inventions are used to tap potential consumer demand through a sensible [i.e., non-monopolistic] price policy, a widening of capital will of course occur. The importance of a flexible price structure thus comes again to the fore.

It appears that the great advances made in the productivity of manufacturing in the United States in the decade of the twenties was made by reason of innovations in methods of production that to a large extent did not involve the use of more capital. I do not make any forecast; but it is a grave question whether inventions and innovations are not likely to be less capital-using than in the nineteenth century. In contrast, while we were in the process of changing over from a direct method of production to an elaborate capitalistic technique, as in the last century, innovations had to be perforce capital-using in character.

It has been asserted that an increasingly rapid rate of obsolescence is likely to absorb large amounts of investment. Unfortunately, however, the high risk incurred in an economy with a rapid obsolescence rate forces corporate officials almost as a matter of necessity to set aside abnormally large depreciation reserves. Thus we encounter a vicious circle with deflationary consequences. (pp. 313-15)

To Hansen's mind the drastic decline in new investment outlets since the nineteenth century had the most far-reaching implications for the economy of the 1930s. First of all it meant that the collapse of investment which brought on the unprecedentedly sharp and prolonged slump of 1929-33 was not, as many had argued, the result of a unique and unlucky conjuncture of bad breaks. On the contrary, it was the consequence of deeply rooted historical forces that had been building up for a long time and finally hit with full force. This, then, was the explanation of the failure of investment to stage a comeback

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after 1933 and of the abortive recovery of 1933-37. And it clearly pointed to the likelihood that an inventory-led recovery like that of 1938 would suffer the same fate. "We can at no time facilely expect," Hansen wrote, "that a recovery will just automatically complete itself. There is never any assurance that business will surely carry on to a full measure of prosperity. For 'carrying on' means that new investment shall be developed. . . . For these and other reasons we shall do well to ponder deeply the problem of the long-waves, or, if you prefer, the problem of secular stagnation, the magnitude of which may well, in the period which lies before us, quite overshadow that of the business cycle." (pp. 283, 289)

Prophetic words—but not prophetic of the immediate future. The recovery which began in 1938 was hardly more than a year old when the Second World War broke out, interrupting the rhythm of the business cycle and opening a totally new chapter in the history of capitalism. During the war itself, of course, the resources of the economy were strained to the utmost; and after the war the global capitalist system—united even more absolutely under U.S. hegemony than it had been under British hegemony after the Napoleonic Wars—entered on a period of reorganization and expansion which opened up a veritable cornucopia of new investment outlets. The forebodings of the 1930s were soon forgotten: the business cycle resumed a familiar textbook pattern of lengthy periods of prosperity followed by mild recessions and quick recoveries, with each peak attaining substantially higher levels of income and production than its predecessor.

After about a quarter of a century of this, however, the forces which had generated and sustained this latest of capitalism's long waves of expansion were largely played out. The slump of 1974-75 was much more severe than any previous postwar recession. The recovery which began in 1975 was led by consumption. Except for the service sector and a relatively small number of high-technology industries, investment lagged. Unemployment remained high. A new feature of the period was growing inflation fed by an explosion of speculative/financial activity. Stagnation was back in the novel form of stagflation. In substance what Hansen had foreseen 45 years earlier had come

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to pass. Once again, as in the 1930s, the problem of secular stagnation had moved to front and center stage, that of the business cycle had faded into the background.

The upshot is that what we have today is not, as many observers seem to think, a new ball game but a return to the old ball game of the 1930s. Stagnation is the dominant context within which not only the U. S. economy but that of the capitalist world as a whole perforce now operates. Nowhere on the horizon is there any sign of a major new burst of investment outlets such as might revitalize the global capital accumulation process.* And in the absence of such a driving force no new long wave of expansion—comparable to those of the nineteenth century alluded to by Hansen in the passage quoted above or to the one that dominated the quarter century after the Second World War—is even conceivable.

In this context of stagnation all the problems and contradictions of the global capitalist system are magnified and exacerbated. At the present time this is particularly evident with respect to the debt problem of the third world (and the Eastern bloc) vis-à-vis the advanced creditor countries and their multinational banks. The amount of these debts is now estimated by the World Bank to be between $700 and $900 billion (*New York Times,* July 19). They were mostly incurred in the 1970s in an inflationary atmosphere which encouraged the idea that a dollar borrowed today could be paid back by a much cheaper dollar tomorrow and also nourished unrealistic notions about building up future export surpluses out of which payments could be made. The whole flimsy structure would have collapsed sooner or later even in the best of circumstances, but it is no accident that the crisis actually came to a head as a result of the dragged-out recession of 1980-82. De facto if not de jure,

* Although the stock market and other financial markets are avidly supplying funds for the expansion of the computer and other high-tech industries, the near-future investment potential in these industries is hardly sufficient to start a new boom in total capital accumulation. At best the growth in these areas will, as in recent years, compensate for the decline or slowdown in traditional manufacturing areas. On this, see the data in "Supply-Side Theory and Capital Investment" in this space in the April 1983 issue of MR.

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most of these debts are now in default, and the main concern of the creditors is to salvage as much as possible while at the same time fending off overt bankruptcies and repudiations which could trigger an international financial panic similar to the one in 1931 which knocked into a cocked hat what looked like developing into a mild recovery from the steep decline of the preceding two years.

So far the international wizards have shown remarkable agility in dodging disaster, but the methods employed, far from solving the underlying problem, are only making it worse. What global capitalism really needs is a comprehensive liquidation of bad debts, wiping the slate clean for a new start. But this would involve the indiscriminate destruction of hundreds of billions of dollars' worth of claims on the wealth and productive potential of the third world now held by the banks and other lending agencies of the dominant imperialist powers. So what the latter are trying to do is to rationalize and streamline the global debt structure through such institutions as the International Monetary Fund, the World Bank, and the Bank for International Settlements. New loans with adjusted maturities and interest rates are in effect substituted for old loans now in de facto default, in exchange for promises by the debtors to reorganize their economies and societies to maximize the amount of surplus available for transfer to the creditors. Each debtor country is enjoined to reduce its own standard of living—consumption and imports—while expanding its exports, making larger and larger amounts available for servicing its streamlined debts.

An ingenious scheme, no doubt—at least on paper. But there is one gaping hole in its overall logic. With the global system deeply mired in stagnation, all countries, developed and underdeveloped alike, are striving to reduce imports and expand exports. In these circumstances to tell the debtor countries that they must go further and faster in the same direction is a counsel of self-frustration. Where are the exports to go? Not to the creditor countries, which are already busy building protective walls around their own markets. And not to each other, since they are all under orders to pull in their belts. Meanwhile these austerity programs, zealously watched over and policed by the IMF, are having their predictable consequences in terms of

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human deprivation and suffering, giving rise to a whole range of negative reactions from hopelessness and passivity in some countries to protest and incipient revolt in others. The effort to salvage the global debt structure begins to look more and more like a classic case of the cure being worse than the disease.

Let us turn to the U. S. domestic economy. We have already noted the return of stagnation (in the form of stagflation) in the 1970s after an interlude of some 40 years during which the Second World War and its aftermath shaped the global economic scene. We have also pointed out that the absence of any evidence of an impending massive clustering of new investment outlets means that for the visible future we must expect stagnation to be the dominant context of economic activity domestically as well as internationally. What does this mean for the state of the U. S. economy for the next couple of years—say, up to and including the elections of 1984?

In business-cycle terms the U. S. economy is now (midsummer 1983) a little more than half a year into a recovery phase. Not surprisingly, this recovery shows striking similarities to other recoveries which have taken place in the context of stagnation. By far the dominant factor so far has been in the inventory sector, which usually plays an important part at the turning points. During the expansion phase of the cycle, production of goods outstrips consumer demand, resulting in additions to the inventory stockpile. In part this results from the desire of manufacturers to have enough supplies on hand to prevent bottlenecks and by retailers to have a large enough assortment of goods to compete more effectively. And in part it results from the anarchy of production as each producer strives to get a larger share of a growing consumer market. But production cannot be greater than consumption for too long. At some point inventory reserves become excessive, and maintaining production levels boosted by inventory accumulation becomes unprofitable. During the consequent contraction phase of the cycle, production declines below current demand until the superabundant inventories are sold off. And that is exactly what happened in 1982, which saw heavier liquidation of inventories than any year in the previous decade.

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What produced the turnaround in manufacturing activity at the end of last year was that in some industries inventories were no longer excessive. Inventories were still being liquidated during the early months of 1983, but at a much slower pace than in 1982. This together with a modest increase in consumption meant that a larger part of current demand had to be met from current output: hence the increase in production. Before long the upturn in production will be further supported by a renewed buildup of inventories. That process, involving positive investment in inventories and an increase in consumption (fed by renewed expansion of consumer credit), tends to be cumulative for a while and then self-liquidating as inventories reach levels perceived by business to be adequate.

The continuation of the upswing beyond that point depends mainly on what happens to investment in plant and equipment, which, so far, has shown few signs of life. This does not mean, however, that recovery in investment can be excluded. On the contrary, as output grows and the utilization rate of existing capacity creeps up (it started to do so in the spring), the chances are that there will be stepped-up activity in replacing aging and/or obsolete machinery, production lines, etc., and perhaps even some structures. What seems to be most *unlikely* is that, apart from a few industries which have been operating on a curve of long-run expansion (communications, office automation, high-tech generally), there will be any significant increase in investment which is not closely related to changes in current output. If this is correct, it follows that the present recovery must be seen as a purely business-cycle phenomenon which is destined, like other recoveries in conditions of stagnation, to reach its limit long before the economy achieves anything approaching its productive potential. No more than in Hansen's time can we "facilely expect that a recovery will just automatically complete itself."

But what about timing? When you're in a certain phase of the business cycle, you want to know not only how much farther it is likely to continue in the same direction but also how long it will take to get there. And this is evidently a matter of special interest at the present time, when there is a widespread and doubtless well-founded belief that the condition of the economy

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in the second half of 1984 will have a lot to do with the outcome of the November elections.

Unfortunately it is not easy to make useful generalizations from past experience about the length of business-cycle expansions and contractions. Since the First World War there have been thirteen completed expansions and thirteen completed contractions.* The average length of the expansions is 42.6 months and of the contractions 16.2 months. These averages, however, conceal spreads ranging from 9 to 106 months (less than a year to nearly nine years) in the case of the expansions, and from 8 to 43 months (less than a year to about 3½ years) in the case of the contractions. These figures tell us that expansions are generally longer than contractions (and in all but two of the completed cycles the expansion was in fact longer than the subsequent contraction), but they don't tell us much about what most interests us at present, i.e., the likely length of the particular expansion which began in January 1983.

If we look more closely at specific expansion periods since the First World War, we find that in all those of more-than-average length, forces extraneous to the normal mechanisms of the business cycle were at work. These are summarized in the following table.

Longer-than-Average Expansions

Period	*Length in months*	*Special factors*
March 1933 - May 1937	50	Unprecedented depletion of capital during preceding contraction
June 1938 - Feb. 1945	80	Second World War
Oct. 1949 - May 1954	45	Korean War
Feb. 1961 - Dec. 1969	106	Vietnam War
Mar. 1975 - Jan. 1980	58	Serious depletion of capital in preceding contraction; unprecedented peacetime inflation

Excluding these five expansions, in which identifiable special

* We follow the National Bureau of Economic Research datings except for the period 1980-82, which the Bureau treats as two contractions separated by a very brief recovery, while we think it makes more sense to view the three years as one continuous contraction.

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factors were operating, the average length of expansions since the First World War is 26.9 months, i.e., about two and a quarter years. As a first approximation, therefore, we might guess that the present expansion which began in January 1983 has about a year and three quarters still to go, i.e., until the spring of 1985.

We can try to refine this guess by asking whether it is possible to identify any special factors which are, or are likely to be, operating during this period and which would tend to make the estimate of a year and three quarters either too short or too long.

First, there is the length and severity of the preceding contraction (35 months compared to the 16.2-month average length of contractions) which we may assume left as a legacy an abnormal amount of capital depletion. If we are justified in identifying this as a factor prolonging the 1933-37 and 1975-80 expansions, presumably it should have a similar effect this time.

Second, there is, as already noted, the threat of an international financial collapse inherent in the shaky global debt structure. The likely impact of such a development can be seen from what happened in 1931. To quote a standard source on the theory and history of business cycles:

> In the early months of 1931 the American economy again seemed to be attempting to stage a recovery. Production in a number of lines . . . expanded; the decline in retail trade leveled off; and there was some minor temporary improvement in private investment. It seemed as if the extreme liquidation of the preceding months might have been sufficient to induce some recovery. At this point, in the late spring of 1931, the international financial structure collapsed completely, and a financial crisis starting in Europe began a new wave of liquidation through the world and deepened the depression in the United States. (Robert A. Gordon, *Business Fluctuations,* 1952, p. 392)

Third, there is a special factor or set of special factors to be taken into account in the present situation, which has no close counterpart in previous business-cycle history. This has to do with the fact that stagnation in the 1970s took the form of stagflation, which in turn derived from an unprecedented expansion in the scope and activity of the financial superstructure of the economy. (On this, see "Production and Finance" in this space in the May issue of MR.) Without attempting to get into

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the mechanics of the stagflationary process (a subject which in any case remains mostly unexplored by economists of all persuasions), we can simply note that one of its manifestations in the 1970s, presumably inherent in the process itself, was the skyrocketing of interest rates (both monetary and real) above any range previously recorded in the peacetime history of the advanced capitalist countries. For a variety of reasons—social and political as well as economic—the leaders of international finance capital felt that bringing this stagflationary process under control was essential to their own most vital interests. But the only component of the process which was (and is) subject to their control is the inflationary one. Except in special historical periods, discussed in the first part of this essay, stagnation is built into monopoly capitalism and cannot be eliminated by any policy or strategy open to the leaders and defenders of this system. *It follows that from a capitalist point of view controlling stagflation means controlling inflation and in so doing almost inevitably intensifying stagnation.*

The first country to follow this course was Britain under Thatcher in 1978. The United States followed suit in 1980, and since then most of the other advanced capitalist countries have joined the parade, either voluntarily or (as in the case of France) under international pressure. As a result the stagflationary expansion of 1975-80 was followed not by a "normal" contraction but by the prolonged agony of 1980-82. And while interest rates came down somewhat in the last year of the contraction, they still remained extremely high by historical standards at the start of the present expansion. This fact alone bodes ill for the recovery now under way, and the potential blockage it represents (especially to housing and capital investment generally) is compounded by widespread apprehension that a pick-up in inflation will induce further efforts at control and hence still higher interest rates.

All in all, it seems clear that the threat to the recovery arising from efforts to cope with the consequences of its stagflationary background is serious and could play an important part in cutting short its duration.

Finally, it should not be forgotten that wars have prolonged previous expansions and that, given the recklessly aggressive

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Central American policies of the Reagan administration, the same thing could happen again.

To sum up: we have reviewed four special factors which could affect the length of the present expansion—two (abnormal capital depletion during the preceding contraction, and a possible Central American war) in the direction of prolonging it, and two (a possible international financial collapse, and high and possibly rising interest rates) in the direction of shortening it. To try to strike a balance or distill out of this some kind of a prediction would of course be foolish. The short-to-medium-term economic outlook is highly uncertain, and so too are political prospects to the extent that they depend on the state of the economy.

We return in conclusion to the question with which we started: full recovery or stagnation? The most plausible answer, we think, is stagnation punctuated by the ups and downs of the business cycle. Whether stagnation will again assume the form of stagflation as during the 1970s depends on the leadership of the dominant advanced capitalist countries, and here the outcome of next year's United States elections could be the determining factor. As of now, there does not seem to be any political force in the United States or any of its advanced capitalist allies that has either the understanding or the will to move beyond these dismal alternatives.

(July 26, 1983)

"Consumer-Goods Firms Turn
To Price Cuts to Increase Sales"

—Headline in *The Wall Street Journal*

They'll try anything.

"The more a ruling class is able to assimilate the most prominent men of a ruled class, the more solid and dangerous is its rule."

–Marx, *Capital,* Vol. 3, chapter 36

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THEORIES OF DEVELOPMENT: THE QUESTION OF CLASS STRUGGLE

BY RICHARD R. FAGEN

"All history," Marx wrote, "is the history of class struggle." This classical formulation focused—as did Lenin's subsequent extension of Marx's and Engels' ideas—on the relationship between capital and labor, bourgeoisie and proletariat, and the implications of that relationship both for the development of capitalism *and* for its decay and overthrow. The concept of class struggle thus illuminated both the functioning of capitalism *and* the role of the proletariat (as the potentially revolutionary class) in *destroying* capitalism and establishing socialism. In fact, classical Marxism offered a double theory: a theory of capitalism *and* a theory of revolution.

Subsequent historical experience, of course, both modified and elaborated this formulation. For example, the Soviet case raised the question of why Russia was "ripe for revolution" when the industrial proletariats of many European countries, such as Germany and France, were actually much larger and better organized. Other questions were raised by the Chinese experience, where the peasantry—in both theory and practice—came to be the leading revolutionary class in a society that in most cases was more feudal than capitalist in the 1930s. But even with these important and in some ways fundamental modifications, the clarity and power of the original Marxist conception of class struggle remained largely intact.

This is one of several lectures prepared for delivery on a recent trip to China. Richard R. Fagen is a professor of Latin American Studies at Stanford University.

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As Marxist ideas crossed time, culture, and oceans to be used in the Latin American and North American social science communities, they underwent significant changes. There were, of course, persons in these communities who were (and still are) "fundamentalists," who attempt to apply the classic texts quite directly to the situations of development and underdevelopment in which they are interested. But more influential are scholars such as Fernando Henrique Cardoso, Andre Gunder Frank, and others who are loosely associated with the approach to development known as "dependency."

I have no intention of attempting an analysis of all the polemics and conflicts that have raged around the dependency approach to development. That is a topic for many seminars, and it would require extensive reading of the texts produced by the various authors. What I *will* attempt, however, is something both more modest and hopefully just as useful: an analysis of the way in which "the question of class struggle" has been used in the dependency debate about development. I will follow that analysis with some interpretive comments about the model of accumulation which has come to be known as "dependent capitalism."

A necessary and useful place to begin, I think, is with a brief summary of the origins and the substance of the dependency approach to development. In the first place, it is impossible to understand this approach without appreciating that it is, to a substantial degree, a *reaction* to conventional, North American development theories. Convinced that conventional thinking about development was mistaken and misleading, Latin American social scientists and development practitioners in the late 1950s began to elaborate alternative explanations for the problems that capitalist countries were facing in the periphery of the world system. In so doing, these authors sought to place in the center of attention aspects of reality that were currently unattended to in conventional development thinking. In particular, the literature emphasized the dark, exploitative, asymmetrical, and difficult-to-change elements in the development equation. Not surprisingly, many authors turned to Marxism for concepts and understandings that emphasized conflict, exploitation, and the persistence of poverty.

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As the dependency approach to development matured in the 1960s, certain common themes or elements began to emerge despite the authors' many polemics and differences. At the risk of oversimplification, I would group these elements under three headings: (1) the International Context, (2) Class and Nation, and (3) Unequal Relationships. Let us look at each in turn.

1. *The International Context:* underdevelopment is not a *national* problem. It cannot be understood merely by examining the characteristics of national systems. Only by grasping the manner in which a given peripheral country fits into the international system and interacts with other (more powerful) national systems is it possible to understand the basic problems of underdevelopment.

2. *Class and Nation:* social forces (classes) and their relationships to production, consumption, politics, and processes of change must be understood in the light of the national-international interactions mentioned above. The interests (economic, political, social, cultural) of nominally "national" actors are often closely tied to institutions and interests outside the nation. (This is what Fernando Henrique Cardoso has called "the anti-nation within the nation.")

3. *Unequal Relationships:* the long-run consequences of relationships between unequals (nations, classes, groups)—at least in circumstances where the capitalist mode of production prevails—are the multiplication and intensification of existing inequalities. This leads to widening gaps (both nationally and internationally), the fragmentation of communities, and decreased autonomy for the weak. The development of the peripheral capitalist systems is conditioned by their relationships to the center countries in ways that assure that benefits accrue disproportionally to the benefit of the center. Similarly, the development of the more advantaged classes or sectors of the peripheral society occurs at the expense of the development and well-being of the less advantaged classes or sectors.

As you can see, this approach was influenced not only by elements of classical Marxism but also by Leninist and other perspectives on imperialism, by contemporary theories of unequal exchange, and also by non-Marxist theorizing about the situation in which small, late-developing nations find themselves

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in a world that is increasingly transnationalized and culturally dominated by advanced industrial capitalism.

What is also obvious, I think, is that *the clarity with which classical Marxism located the question of class struggle at the center of the development and decay of capitalism has been lost.* This is not to say that dependency approaches are not concerned with the question of class. Of course they are, as I hope the above summary has made clear. But what has happened is that a wide variety of other questions and issues now contend with class analysis for center stage in the drama of development. The following quotation from the important book entitled *Dependency and Development in Latin America* by Fernando Cardoso and Enzo Faletto reflects this multiplicity of focuses: "The history of capital accumulation is the history of class struggles, of political movements, of the affirmation of ideologies, and of the establishment of forms of domination and reactions against them." (p. xviii)

Note that in this formulation class struggle is only one among several themes that explain capital accumulation. Some might argue that "political movements, the affirmation of ideologies, and the establishment of forms of domination and reactions against them" are nothing more than the forms that class struggle takes. And they might be correct. But, and this is important, that is *not* the way that most of those working in the dependency tradition—or influenced by it—see the contemporary dynamics of accumulation in peripheral systems.

If the question of class struggle does not stand alone as the centerpiece or single most important element of this approach to development, what does? At the risk of some oversimplification, I would say that at the present time center stage is occupied by "the problematic of the state." This is, in fact, what Cardoso and Faletto are really referring to when they use the phrase, "the establishment of forms of domination and reactions against them." Again, a bit of historical background is useful.

In the first place, the problematic of the state came to the focus of attention because almost everywhere in the third world during the 1960s and 1970s state agencies became increasingly more active and involved in developmental activities. Even in systems, such as that of Brazil, where the rhetoric of develop-

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ment emphasized classic free-market capitalism, the state usually expanded its role as an owner of basic industries, an important international borrower and source of investment capital, and a provider of essential services in transportation, communication, and infrastructure. What the bourgeoisie had done in the early period of the growth of capitalism in Europe was now being done in the periphery by the state, with occasional help from international capital and the local bourgeoisie. Thus, almost everywhere the state grew faster in quantitative terms (for example, in employees and budget) than the labor force and the economy as a whole were growing.

But there was a second reality that led to an emphasis on the problematic of the state. In the postwar period there emerged not just a quantitative phenomenon—the physical growth of the apparatus of the state—but a qualitative phenomenon as well. For lack of a better expression, I will call this the equity aspect of the state.

In classical liberal theories of the state there was a quite clear understanding that the free operation of capitalism would not in and of itself reduce inequalities and redistribute income. On the contrary, democratic politics—in which the masses had the vote even though they did not have economic power—was seen as essential to prevent the kind of widening gaps between classes which liberal theorists saw as incompatible with a healthy social order. Politics was intended to redress—at least in part—the inequalities generated by the operation of market capitalism.

However flawed the theory, it is true that in the advanced industrial democracies of Western Europe and North America the industrial working class and other groups did win for themselves an increasing share of national income and increasingly acceptable working conditions in the twentieth century. Capitalism alone may not have worked to increase equity, but advanced industrial capitalism *plus* liberal democratic politics did result in substantial improvements for the working class.

But the reality that was emerging in the 1960s in much of the third world did not fit this pattern. Even in those cases where rapid capital accumulation was taking place, benefits were *not* being distributed in a more equitable fashion. In fact, just the opposite tended to be the case. As dependency theorists

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noted, accumulation in the periphery (often simply called dependent capitalist development) was accompanied by growing gaps between rich and poor, disintegration of national economies and cultures, and increased penetration by transnational capital. Instead of democracy, authoritarianism and brutal repression were on the rise. Instead of capitalist growth being accompanied by increased well-being for the majority of citizens, it was often accompanied by their further impoverishment. And in those countries where little or no growth was taking place, the situation was even worse.

In this context, even more attention came to be focused on the equity aspect of the state. Were there ways to improve the equity performance of the system? Was the state potentially part of the *solution* to questions of social justice and distribution as it had been in North America and Western Europe? Or was it inevitably part of the *problem,* a *cause* of the injustice that always seemed to accompany dependent capitalist development? Almost without exception, authors working within the dependency perspective decided that the latter was the case, that the state was part of the problem, not part of the solution. *It is precisely at this point that the question of class struggle reappears in the analysis of development.* The basic argument moves along the following lines. It is unrealistic to imagine that the old dominant class forces—landed oligarchy, rich merchants, aristocratic families—would voluntarily share power and resources with peasants and workers. But in most of Latin America these old class forces are in rapid decline as more "modern" elites (including military elites) capture political power and use the state apparatus to intervene in and direct the process of economic development. As noted above, the bureaucracy expands, expertise is developed, new planning, fiscal, and administrative responsibilities are assumed by the state, and educational and other programs proliferate. But the key question remains: *Does this expanded state power in the hands of new elites signal increased state autonomy from anti-equity class forces?*

Most dependency analysts answer this question with a resounding "no." To the extent that the new model of dependent capitalist development is primarily growth-oriented, energized by private capital (with or without associated state financing),

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and dependent to a significant degree on foreign investment, the new class forces and alliances are just as anti-equity as the old. New alliances between modern sectors of the national bourgeoisie and the state bureaucracy are formed. The exigencies of attracting foreign capital require, among other things, keeping wages low and labor organizations quiet. The most modern and productive segments of the domestic economy become ever more susceptible to pressures generated externally (for technology, markets, credit). The state itself, through the techno-bureaucracy, increasingly assumes responsibility for ensuring the continuation of this model of accumulation. The old, conservative, openly anti-equity class sectors recede in political importance as this kind of development takes place. But there is no reason to believe that the class forces that are strengthened, in alliance with the state, are any more favorable to the welfare of workers and peasants than were the classes they in part are replacing.

Even in cases where there is a strong constitutional and rhetorical commitment to social justice and the "popular classes" (as they are called in Latin America), this model functions relentlessly to deepen the objective basis of class conflict. Mexico is a clear example. Could even the most progressive Mexican regime consistently decide in favor of impoverished small farmers or agricultural collectives when the interests of Mexican and international agribusiness are at stake? In a highly inflationary economy with massive foreign debt and balance of payments problems, could raising the level of wages and improving working conditions be the prime concern of the Mexican government? Even were the economy growing rapidly, could steep income taxes be levied and collected? Could the public health system be massively redirected toward rural areas where the needs are greatest? The answers are clear for the Mexican case, and would be even more obvious in a case like the Chilean where there is no public commitment to the welfare of the popular classes.

In sum, the dependent capitalist state reflects and strengthens the class forces that are most benefited by dependent capitalist development. These forces, in turn, are interested in accumulation, not distribution or social justice. To Marxists this conclusion comes as no surprise, but to developmentalists who

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had hoped that the modernization of capitalism in the third world would bring in its wake increasing income and welfare for the majority of workers and peasants, this conclusion is agonizing in its implications. It means that the process of democratization and the growth of the welfare state that reduced class conflict in Western Europe and North America is not likely to be followed in the third world. It means that high (and increasing) levels of class conflict and inequality will continue to characterize the development process.

I have already touched on quite a number of features of the contemporary analysis of dependent capitalist development as it has evolved in the United States and Latin America. But there are four additional points I would like to make, briefly. These points are interpretive. By that I mean that they are my interpretations of this analysis, tempered by observations of the recent history of Latin America. They have been chosen because they relate to the basic questions raised by classical Marxism. In particular, they relate to what I earlier called the "double theory" of classical Marxism, its theory of capitalism and its theory of revolution. My four interpretations are as follows (each will be discussed in turn): (1) social classes in dependent capitalism are complex and changing; (2) a diversity of approaches to political action is called for; (3) socialist approaches to development "make sense" in theory but are difficult to achieve in practice; and (4) dependent capitalism is a relatively stable social formation (or mode of production).

1. *Social classes in dependent capitalism are complex and changing.* As was evident when we talked about the dependent capitalist state, the class forces—new and old—that characterize at least the more developed nations of Latin America are complex. To large, medium, and small national capitalists in urban areas (and the small are very small indeed) must be added important sectors of large capital that are intimately linked to transnational firms. Labor is similarly complex, running from a relatively well paid "aristocracy" of labor (usually linked to foreign capital) to the most miserable, unorganized day labor. To this pool must be added (in some countries) large numbers of the unemployed plus persons so marginally employed (for in-

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stance children selling sweets and flowers in the streets) that they really do not properly belong to the labor force at all.

The service sector is usually large, including not only state and local bureaucrats, but very often a powerful military group which often seems to defy class analysis altogether. If to this we add a rural sector which inevitably includes landless peasants living in near-feudal conditions, migratory and nonmigratory rural proletarians, small, medium, and large farmers, plus remnants of the old landed oligarchy, we can begin to appreciate the complexity of the class structure.

Furthermore, it is clear that this complexity is in continuing flux as more and more persons are driven off the land and into the cities, as traditional Indian or native identities are broken down, as transnational capital and tastes penetrate the society, creating a "modern" economy and market which is superimposed (and depends) on the more traditional local economies and markets. Although the configuration of these social forces-in-change is different from country to country, the classical categories of bourgeoisie and proletariat, landlord and peasant, seem to lose much of their descriptive and analytical power in modern Latin America.

2. *A diversity of approaches to political action is called for.* The complexity of the social forces is accompanied by confusion regarding "the laws of motion" of dependent capitalism. In other words, there is no consensus on the direction in which these societies are moving or what alliances are possible or necessary for political action. Should the popular classes, at certain junctures, attempt an alliance with national capital against foreign capital? Are industrial workers the "natural" allies of the peasantry? And if so, with what segments of the peasantry? What about the large number of unemployed and underemployed in the cities? Are they simply *lumpen* of no political consequence because they have no meaningful relationship to the structure of production? Or are they a potentially "revolutionary class" precisely because of their marginality and alienation?

Lacking a shared theory of class relations and class action in the dependent capitalist economy, each group or organization tends to become its own theorist. This in part explains the diversity of political ideas and movements that one observes on the

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left in Latin America today. But this diversity is also explained by the failures of the 1960s and the early 1970s. There was a great deal more self-assurance if not always coherence during that period. Followers of Che Guevara and Fidel Castro thought they had the answer. So did groups calling themselves "Maoist." So did the Moscow-oriented traditional Communist parties. Each had its own analysis of class dynamics and political possibilities. Each suffered serious defeats.

The mood today is more cautious. The typical approach to political action now argues for a detailed study and consideration of the conditions prevailing in each national setting (which, for example, are certainly very different in Mexico than in El Salvador). Lenin's famous question, "What is to be done?" would probably be answered in most places in Latin America today with a cautious "let us study the situation in our country at this particular historical moment and decide what alliances are now possible, what goals are reachable, and what tactics make sense." This, of course, has always been the response of careful political tacticians. But today in Latin America such responses reflect a caution and modesty that was not nearly so obvious even ten years ago. Hardly anyone would now be so bold as to say, for the whole continent, "this is how dependent capitalism and imperialism operate, and thus this is what we ought to do."

3. *Socialist approaches to development "make sense" in theory but are difficult to achieve in practice.* Almost all persons associated with a dependency approach to development would express admiration for and solidarity with the Cuban Revolution. The same would be true vis-à-vis the Nicaraguan Revolution and the struggles now taking place in El Salvador and Guatemala. It could hardly be otherwise, given the nature of the critique of dependent capitalism and the strong anti-imperialist consciousness of left intellectuals in Latin America and the United States.

Additionally, at least in the Cuban case, progress in the health, education, and welfare fields has to be seen as very impressive indeed. Cuba, after all, is the only nation in Latin America with all of its children in school, without serious nutritional problems, and without the destitution and marginality so

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typical of the hemisphere. But admiration for the Cuban and Nicaraguan experiments would be tempered, in most instances, by a feeling of discomfort engendered by other aspects of the domestic and international politics of the two regimes (again, particularly in the Cuban case). Serious questions would be raised about the viability of the two economies, and for some the special relationship between Cuba and the Soviet Union would be troubling. As a perceptive South American once said to me: "For us, Cuba is a very positive historical example. It shows that change is possible, despite imperialism. But it is not a model applicable to our situation."

In fact, the recent history of Latin America suggests that a process of transition to socialism is possible only when state power has been captured by an armed, revolutionary group. This was the case in Cuba, in Nicaragua, and perhaps will be the case in El Salvador and Guatemala in the future. The attempted "peaceful" transitions in Chile and in Jamaica were reversed, the former by a military coup and the latter by an election. But in most countries of the hemisphere the triumph of an armed, revolutionary group seems remote indeed. Thus, those who are attracted to socialist solutions to the problems of dependent capitalism are faced with a pessimistic equation: *revolution seems remote, but socialism without revolution seems equally remote.*

4. *Dependent capitalism is a relatively stable social formation (or mode of production).* I do not wish to get into a debate about whether dependent capitalism should be called a social formation or a mode of production. What is clear in either case, I think, is that dependent capitalism is sufficiently different from the industrial capitalism of nineteenth- and twentieth-century Europe and North America to warrant separate and detailed treatment. This is precisely the task that dependency analysis has set for itself.

What, to date, has that analysis told us about the strengths—as opposed to the weaknesses—of dependent capitalism as found in Latin America? It has told us two things, I think. First, that dependent capitalist systems are capable of quite rapid accumulation when national and international conditions are propitious. Mexico, Brazil, and many of the small

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countries of Latin America during much of the 1960s and early 1970s attest to the growth potential of this kind of capitalism. Second, it has told us that skillfully managed combinations of modernization and repression can succeed in "keeping the peace" if those who do *not* benefit from development are kept sufficiently isolated and fragmented.

What is striking today in Latin America is the extent to which under existing conditions of economic recession, the repression-fragmentation half of the equation continues to function. Only in Central America and on some of the small islands of the Caribbean does one currently find that revolutionary or prerevolutionary situations exist or might come to exist in the near future. Everywhere else, although there is protest and unrest, the political changes that may ensue will probably not affect the basic model of dependent capitalist accumulation that is now in operation. All that one can hope for in Argentina or Chile, for example, is that those who currently suffer most will come to suffer less if allowed to participate more fully in the political life of the nation.

I realize that for many this is a pessimistic note on which to close. But "seeking truth from facts" demands that we take Latin America as it is, not as we might wish it to be. My own feeling is that the model of accumulation which we are calling dependent capitalist development will be with us for many more years in most of those troubled lands to the south of the United States.

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THE ZIMBABWE LESSON

BY NATHANIEL BOBO

Particularly in the last two decades leftists in the big Western capitalist nations have correctly supported the liberation struggles of former colonies; we have celebrated each victory over colonialism, and then analyzed and criticized every turn toward neocolonialism. In April 1980 the celebration was inspired by the independence of Zimbabwe. The idea of another socialist state in Southern Africa is indeed attractive. But perhaps, in our anxiousness to see the final collapse of settler colonialism in Southern Africa, we sometimes do not pay enough attention to the victories achieved by the international bourgeoisie and its transnational corporations. From the transnational capitalist point of view, Zimbabwe, even before the final settlement which brought about independence, was destined to be the model for Southern African "development" under majority rule. Today Zimbabwe receives more soft aid from the United States than any other country in sub-Saharan Africa. Aid from the socialist countries is minimal compared to the amounts promised and delivered by the West. What does this fact imply? Most people on both sides of the international struggle would agree that what happens in Zimbabwe is vital to the future of Azania and Namibia. What, then, has happened in Zimbabwe?

Nathaniel Bobo is the pen name of an observer who recently spent several months in Zimbabwe.

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The racist Ian Smith, today a member of Zimbabwe's parliament, recently stated that the white settlers who initially invaded what to him is still Rhodesia, saved the black Africans from a backward civilization which he claims had not yet discovered the wheel. In reality the people of the territory had a rich and highly developed culture. In the thirteenth century A.D., the Africans had an important trade center known as Great Zimbabwe, which handled goods from as far away as China. The architectural aspects of this center (the ruins of which provide one of Zimbabwe's most popular tourist attractions) are such that the Rhodesians continually refused to admit that it had been built by Africans. But now that capitalism has a firm foothold in Zimbabwe, it is important to keep in mind that when the white settlers arrived in the territory the culture they found was based almost entirely on small-scale agriculture. This was in the 1890s. By way of comparison, the industrial revolution was in full swing in Europe, and Africans in the United States who had survived slavery were migrating to the industrial north.

Today the majority of Zimbabweans are still engaged in small-scale agriculture. In less than one hundred years of rule, the settler colonialists built a relatively sophisticated industrial and commercial infrastructure. But the racist ideology which guided and inspired this development ensured that the majority of the population retained a peasant status. The majority of Africans were effectively confined to the less fertile half of the land, while the small minority of whites settled the other half. Missionaries found in the African "reserves" a ripe territory for the propagation of Western Christian ideology, education, and social values. It is no accident that both the prime minister and the president of Zimbabwe portray themselves as "Christian Marxists." In his introduction to President Reverend Canaan Banana's latest book, the minister of education and culture, D. B. Mutumbuka, quotes the Pope to explain that the nation's current "socialist" land policy is actually less demanding than Christian ideals.[1] This policy, of course, in accordance with the Lancaster House Agreement of 1979, is that land cannot be expropriated without paying adequate compensation.

To the rural masses who supported Zimbabwe's liberation war, land was always the primary issue. In November 1981 the

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government set for itself the objective of resettling 162,000 completely landless families within three years. Politically this goal is necessary, particularly now that many citizens are already doubting whether the promises made to them by the guerrillas whom they fed will ever come true. The United Nations estimates that in terms of agricultural specialists and equipment available to sustain resettlement, Zimbabwe can resettle only about 10,000 families per year. So far only about 16,000 families have been resettled, at a cost of $3,000 each for the purchase of the land alone.[2] The British government is expected to provide the funds for the land purchase. However, as recently as January 1983, Prime Minister Mugabe warned the British not to renege on their promise. He was apparently reacting to statements in the British press attributed to conservative MPs who want to cancel all aid to Zimbabwe because of alleged human rights violations.

But the Bristish option of withdrawing promised aid is not the only problem. An evergrowing number of squatters already occupy much of the land available for resettlement. At the end of 1982 it was estimated that there were 90,000 squatters in Manicaland alone.[3] Manicaland is one of eight provinces in the country and is located in the east. When the squatters ignore warnings to move, they are forcibly removed by the army and police. In December of 1982 the government warned commercial farmers that unused land will be seized, yet there is still no firm definition of unused land. Due to the need by black farmers for grazing land, some commercial farmers allow their neighbors' cattle to graze on their land. Thus even unused land is in use without changing ownership. The government continues to fear displeasing the small number of white commercial farmers who still produce more than 80 percent of Zimbabwe's agricultural product. One estimate suggests that 70 percent of land currently occupied by whites would have to be purchased for resettlement. On that subject Jim Sinclair, president of the Commercial Farmers Union, provided his opinion of the government's objectives: "If we believed they could do it, we'd be a lot more worried."[4]

In agriculture, cottage industries, and other small enterprises, many cooperative efforts have emerged, with assistance

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from the government. But the majority peasant population has firm traditional attitudes favoring individual land ownership. In order to combat these attitudes, the government intends to develop successful models of collective agriculture; but so far these models have not appeared.

In the industrial sector the minimum wage is $105 per month and according to the law an employee cannot be fired without the consent of the Ministry of Labor and Social Services. Naturally, employers are not too happy with this situation, and fired individuals occasionally find that the ministry takes months to respond to their grievances. Particularly during 1982, the ministry has had to agree to layoffs of large groups of workers in private industry because of one major mine closing and decreased sales of minerals for export. Late in the year, the government purchased a 40 percent share of a large coal mine. But the biggest deal signed in 1982 was the government's arrangement to share ownership of one of the largest food processing companies in the country with the multinational H. J. Heinz Company. Heinz will own 51 percent after paying $20 million to the foreign owners of the company; and the government will hold the remaining 49 percent. The government's published investment guidelines suggest a minimum of 20 percent local ownership in future business arrangements with foreign partners. As far as labor legislation is concerned, the government has taken two years to propose a bill which would replace the old Rhodesian Industrial Conciliation Act. One critic of this bill described it as follows:

> Its adoption could well put paid to Zimbabwe's declared goal of socialist transformation, for it will inevitably place government in the role of labour's enemy, not its ally. Enactment of this bill will strangle the working class, destroy the right to strike, place unions under the thumb of employers and government, permit the Minister to impose influx control, and in the end drive a fatal wedge between government and the working class.[5]

In November 1982 the government published the first volume of the long-awaited *Transitional National Development Plan*. Initially the plan was intended to explain how Zimbabwe will carry out a transformation of the economy along socialist lines. It is apparently not accidental that neither the word "so-

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cialism" nor any form thereof appears in the title. Upon publication, the plan was well received by the capitalist private sector, although some businesspeople did note that the projected 8 percent economic growth rate for 1982-83 and 1984-85 on which the plan depends seemed too optimistic. One Zimbabwean critic, however, summarized the "so-called transitional plan" as a document which

> contains a fundamental contradiction between the national political leaders' declared goals of socialist transformation and the technical measures by which the planners propose to achieve it. The latter . . . appear likely to render Zimbabwe—like most other African states—increasingly dependent on crisis-ridden capitalist world markets and international banks.[6]

In his final comment on the plan, the writer warns Zimbabwe against IMF advisors who "will force the Government to slash social services and halt institutional changes designed to increase state participation in crucial sectors to build a socialist economy to meet the needs of the people."[7] Unfortunately, by the time the warning was published, the Zimbabwean government had already taken all the necessary steps to qualify for an IMF loan. As of the beginning of 1983, spending cuts of 10 percent across the board were ordered so as to reduce total expenditure by $250 million. Since October 1982, when the IMF representatives visited Harare, the government has also cut subsidies on basic foods, devalued the dollar by 20 percent, imposed severe wage restraints, frozen hiring of new staff by nearly all government departments, and canceled allocations for many new projects and equipment purchases.[8]

More than one of Mugabe's ministers has described the present government as "flexible and pragmatic."[9] In his thorough analysis of the challenge facing Zimbabwe in 1980, John Saul pointed out the particular danger which stems from the failure to "generate revolutionary political institutions *and* a genuine revolutionary culture." Saul quotes senior FRELIMO (Mozambican) official Marcelino Dos Santos on the need to "popularize the revolutionary aims and to create such a situation that if for one reason or another at some future time some people start trying to change these aims, they will meet with resistance from the masses."[10] No one who has visited Zimbabwe lately

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can deny that the words "socialism" and "comrade" are often heard there. But unfortunately these terms tend to promote a sense of confusion and a lack of enthusiasm, if not cynicism, even among party members. Staunch capitalists and former reactionaries (whose transformation process would appear to have occurred instantly upon acceptance into the Mugabe government) are referred to as "comrades." ZANU members, whose level of enthusiasm seems to be limited to replying "Pamberi" when a leader shouts "Pamberi na Prime Minister Robert Mugabe,"* complain about the money they are repeatedly expected to donate to support the construction of a planned $36 million party headquarters.** Many people talk about the need to support "the popularly elected government," support "development," and support "transformation"; but very few if any talk publicly about the people's need to control the means of production. Many members of the Zimbabwean petty bourgeoisie, particularly those with college degrees from Western countries, are actually anti-socialist; but they generally support the government's essentially liberal political line. Unfortunately many of them prefer to work for a multinational corporation where the salaries can better accommodate their desired lifestyle. In the colonial era any African who could improve his or her condition through education and/or entrepreneurship was highly respected. Since independence the importance of wearing a proper business suit and driving a nice-looking automobile has increased rather than decreased.

Zimbabwean women, many of whom participated in the armed struggle on an equal level with men, have little to celebrate since independence. *Lobola,* or bride-price, is a common practice defended not only by men but by many women. It is understandable that with majority rule there came a strong desire to preserve what is left of the African traditions that colonialism had ridiculed, distorted, or suppressed. Unfortunately many individuals—particularly those who benefit from exploitative customs—refuse to admit to themselves or to others that many

(continued on p. 37)

* "Pamberi na" means forward with.

** The present building serving as party headquarters was bombed by South African agents in November 1981.

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African traditions can no longer function as they used to because the context in which they originally developed has completely changed. Prime Minister Mugabe has made speeches about the need to do away with customs that hinder progress, but his government has done very little to promote a genuinely revolutionary culture. The Ministry of Women and Community Affairs finally managed to have its "age of majority" bill passed in late 1982. The new law essentially says that a woman is to be considered an adult when she reaches the age of eighteen. She can then vote and exercise all the rights granted to any other adult. But if she is a black African and she marries another black African, she falls under "customary laws" that are still in effect from the colonial era. Her property and any income she might earn are then under the control of her husband, who must act on her behalf in signing any contractual arrangement into which she might wish to enter. Abortion is illegal and divorce is heavily frowned upon. A woman who wishes to leave her "traditional" husband must convince her family to return the *lobola* which he paid. In many cases the *lobola* is set quite high and the woman's family has a strong incentive to convince the wife to stay with her husband. If a wife runs away, her relatives will sometimes help the husband find her so as to avoid paying back the *lobola*. Prostitution, like begging, is illegal in Zimbabwe, but both are practiced fairly openly.

The Ministry of Education and Culture has adopted new books and curricula which promise to combat the negative interpretations, lies, and deliberate omissions taught by the previous regime's institutions. The secondary school curriculum now includes the study not only of the Zimbabwean revolution but of others, including those of the USSR and China. But as Terence Ranger pointed out in a recent article, a true "people's history" of Zimbabwe has yet to be adopted:

> Instead of the original "nationalist" historiography of the 1960s being modified and corrected by means of radical insights or by the application of a penetrating class analysis, it sometimes seems that the initial nationalist propositions are being extended and overstated. . . . Perhaps cultural nationalism is emerging as the appropriate ideology for the new "establishment" while radical historiography was the appropriate ideology for a people's war.[11]

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Ranger goes on to question the extent of cultural-nationalist ideology which existed during the war. But so far, no one, including David Martin and Phyllis Johnson,* has produced an adequate history of the war which might explain more of the ideological and political phenomena currently affecting the present and future of the republic.

Education in Zimbabwe is now available to all children, but the class structure of the educational system has not changed. The best private schools, which were once accessible only to richer white children, are now also accessible to children of the black bourgeoisie. The government recently allowed private schools to set their own ceiling for fees. Most of these schools are now charging $200 per month, a price which many petty bourgeois parents cannot afford—not to mention the working-class parents who would also like their children to attend "A" schools, the officially accepted better quality schools.

With some background on what has happened in independent Zimbabwe with respect to land, industrial relations, national development, culture, and education, it is now possible to see the nation's "dissident" problem in a broader context. At the time of this writing, Joshua Nkomo is taking refuge outside of the country and it is likely that his Zimbabwe African People's Union (ZAPU) has already stopped functioning as a viable political party. ZAPU and its leader Nkomo in particular provided the contradictions which gave birth to the Zimbabwe African National Union (ZANU) in 1963. Twenty years later, ZANU is now leading Zimbabwe firmly into what John Saul called "the next round." But what direction has this next round taken—toward revolutionary nationalism? socialism? Many of the trends mentioned above suggest that for the current period Zimbabwe is moving away from revolutionary nationalism or socialism. But the dialectical process continues. In spite of the strong ethnic and factionalist dimensions of recent political developments in Zimbabwe, it is a fact that several of those persecuted as "dissidents" are or were ideologically progressive elements who could have helped the nation transform to socialism.

* Authors of *The Struggle for Zimbabwe*, the most detailed history of the war published thus far. The book has been published by Zimbabwe Publishing House and Monthly Review Press.

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While the isolated, and in many cases purely criminal, acts of individuals labeled dissidents invited the government to carry out repression by the army and police, it should be noted that there are many more potential "dissidents" who will probably not be affected adversely by the current repression. These potential dissidents are members of ZANU who have kept their mouths shut as they "wait and see." But as the picture gradually comes into focus, their difficult task is to organize and struggle in a manner which cannot be interpreted as mere factionalism.

In his analysis of the situation in Zimbabwe cited above, John Saul quotes a passage from Engels' *The Peasant War in Germany* as providing "one plausible reading of the current Zimbabwean situation":

> The worst thing that can befall the leader of an extreme party is to be compelled to take over a government at a time when society is not yet ripe for the domination of the class he represents and for the measures which that domination implies.... What he can do contradicts all his previous actions and principles and the immediate interests of his party, and what he ought to do cannot be done.... In the interest of the movement he is compelled to advance the interests of an alien class and to feed his own class with talk and promises and with the asseveration that the interests of that alien class are their own interests.[12]

If this is indeed the present situation in Zimbabwe, then the best one can hope for is that the people of Zimbabwe themselves will ultimately carry out what the present government cannot: a proper transition to the kind of socialism that can eradicate the inequity constructed and maintained by the settler colonialists.

But for those individuals outside of Zimbabwe who wish to learn it, there is a very important lesson. The lesson starts with the fact that the transnational capitalist camp can certainly benefit from, if not take credit for, a lot of the political developments in Zimbabwe since independence. Jeffrey Davidow, a former deputy chief of the United States Embassy in Zimbabwe, recently wrote the following statement with respect to foreign policy toward Zimbabwe and South Africa:

> U. S. policy toward Zimbabwe since 1976 has produced one of America's few clear-cut foreign policy successes in recent years.... America's current policy of "constructive engagement" gives the United States increased opportunity—some would argue

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obligation—to let Pretoria know that Washington believes that it is in South Africa's own best interest, as well as that of the United States, to allow Zimbabwe to progress without further threat of destabilization.[13]

It now seems obvious that at least in the short run, the kind of "reconciliation" achieved in Zimbabwe primarily serves the interests of the national bourgeoisie and their transnational allies. Nevertheless, there is no doubt that the end of settler colonialism in Zimbabwe marked a tremendous historical achievement. As the masses responsible for this victory heal their wounds and contemplate the struggles that have yet to be fought, they will share more of their experiences directly with their brothers and sisters throughout the world. We can certainly learn together that every victory against colonialism does not necessarily weaken transnational capitalism. We can also work together so that Zimbabwe's victory will allow greater opportunities for international solidarity. After all, the poor and working masses in the "South" as well as in the "West" are regularly and commonly affected by decisions made in distant corporate boardrooms. We are rapidly discovering that the "South" and "West" are only parts of one world that at one time were labeled the "third" and "first" worlds, respectively.

NOTES

1. See C. S. Banana, *The Theology of Promise* (Harare: The College Press, 1982), p. 11.
2. See June Kronholz, "Zimbabwe Gives Land to Landless, But Can the Economy Bear the Costs?" *Wall Street Journal*, September 10, 1982.
3. Margaret Novicky, *Africa Report* (New York, African American Institute), January-February 1983.
4. *Ibid.*, p. 13.
5. See "An Anti-labour Labour Bill," by A Correspondent, *Moto* 1, no. 8 (Harare, Mambo Press), p. 21.
6. "Politicians versus the Planners," in *ibid.*, p. 23.
7. *Ibid.*
8. See *The Financial Gazette*, February 4, 1983 (Harare, Modus Publications), p. 1.
9. These words have been particularly attributed to Minister of Industry and Energy Development Dr. Simba Makoni, who has said that he cannot rule out the possibility of contacts at the ministerial level with South Africa. See *New African* (London, International Communications), March 1983, p. 39.

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10. John Saul, "Zimbabwe: the Next Round," *Monthly Review,* September 1980, p. 25.
11. Terence Ranger, "Revolutions in the Wheel of Zimbabwean History," *Moto* 1, no. 8, pp. 42-43.
12. Saul, "Zimbabwe," p. 20.
13. Jeffrey Davidow, in *Los Angeles Herald Examiner,* December 24, 1982, p. E-4.

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IN SEARCH OF CRITICAL GAMES

BY BERTELL OLLMAN

Sol Yurick writes radical novels, good ones, and loves to speculate on how culture gets inside people's bones. In the early 1970s, Sol and I spent a lot of time musing over Monopoly, a game many leftists love to hate, others hate to love, and practically everybody plays. According to Shelly Berman, the comedian, "Monopoly evokes a unique emotion, the surge of thrill you get when you know you've wiped out a friend." But what else is going on as we accumulate property and scheme how to beggar our neighbors? Are we simply expressing some atavistic urge for power, or tuning in, consciously or unconsciously, to the attitudes that are most highly prized in our business-oriented society?

As in most games, people play Monopoly as individuals and take individual credit or blame for the result. Where skill counts, it is personal decisions that determine who wins. Where chance dominates, you win if you are lucky. Skill and luck are each considered personal qualities. In neither case can anyone else be blamed if you lose.

After playing a few games, one is ready to go into the marketplace and make a million. Except for a few minor difficulties: no one hands you $500 at the start, or rewards you for

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This is the first chapter of Bertell Ollman's new book, *Class Struggle Is the Name of the Game: True Confessions of a Marxist Businessman* (New York: William Morrow, 1983), reprinted here by permission. The author is professor of politics at New York University.

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passing "Go." Properties are far more expensive than even Boardwalk, and everywhere you go you must pay. Surprise! All the properties have been given out before you arrived. There is a real monopoly game going on, but you haven't been invited to play. More than likely, you cannot afford the stakes.

With over 80 million games sold since 1935, Monopoly was always cast as the leading villain in our cultural discussions, but Sol and I soon discovered that the scene contained much worse. At least Monopoly never openly extolled the negative human qualities that it fostered. On the contrary, part of its success lies in the aura of objectivity that surrounds it: "Just the facts, folks . . . this is how it is . . . no tears, but no hallelujahs either."

Several more recent board games, on the other hand, positively exalt all that is vile. Their credos are clearly revealed in their names: Easy Money; Ratrace; Lie, Cheat and Steal. Counterstrike, another of this genre, boasts on its cover that it "brings out the worst instincts in you, from avarice through downright treachery." What does it mean when Little Red Riding Hood's wolf no longer has to hide his fangs behind Grandma's shawl? Is it the board game, selling at a rate of over a billion dollars' worth per year, that has come of age, or capitalism?

Appalled by our findings, Sol and I began to seek out the opposition. Where were the critical, and especially the socialist games? There just had to be games that use the inequalities of our society to criticize greed rather than to exacerbate it. We knew that capitalist culture would not take kindly to such games, but if they existed, we should be able to find them. I visited department stores, perused books and journals, put ads in game magazines, and queried friends from around the world.

Only half-realizing it, I had entered into a fairyland where fun is king and everybody his subject. I soon discovered that there is nothing new about the "message" board game, but that the pro-business propaganda which had seemed co-determinate with the board game form is of relatively recent origin. Games of one kind or other have been around as long as people have. Some scholars have even defined humans as the game-playing animals. Long before our species left the caves, we entered into contests that had agreed-upon rules and goals, lasted for a lim-

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ited period, and produced pleasure rather than material goods. These contests were always accompanied by a conception—of who one is, who one's opponents are, and what is important—that diverged drastically from the conception of reality that ordered people's daily lives.

The board game, where markers take the place of people and a decorated board serves as the field of play, first made its appearance in ancient Sumer over four thousand years ago. Excavations among the tombs of ancient Egypt and Palestine show that they, too, had board games. Dice, which were first used in magical ceremonies, became a staple of board games by Greek and Roman times. While facilitating gaming, the early association of dice with gambling led more virtuous members of the community to reject all pastimes in which dice were used. Once the Christian Era had begun, the story of Roman soldiers throwing dice to dispose of Jesus' newly crucified garments added the spice of sacrilege to their already unsavory reputation. The connection of gaming with gambling, magic, and un-Christian dissatisfaction with God's plan for humankind led to several attempts by both church and state to ban games. To no avail. With a lot of time on their hands, the aristocracy in particular enjoyed playing games, the most popular of which were early versions of chess and checkers.

Starting in the sixteenth century with the Game of Goose (an Italian reworking of an ancient Greek idea) and picking up steam by the late eighteenth century, a host of new board games became available. In keeping with the pedagogical concerns of the period, many were unabashedly didactic. The Fortification Game (1712) expounded Vauban's then revolutionary ideas on fortifying a city. A Journey Through Europe, or the Play of Geography (1759), speaks for itself. Other games taught history, math, and quite soon—though not immediately—moral behavior. Such was the New Game of Virtue Rewarded and Vice Punished (1818), marking the return of the old order after the decades of disruption caused by the French Revolution.

America's entry into the board game derby came toward the middle of the nineteenth century with Mansions of Happiness. In this game, one tries to land on squares called "Justice and Piety," and to avoid others called "Cruelty," "Immodesty,"

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and "Ingratitude." No doubt sticking to a subject that we Americans knew best, other similar games followed: the Checkered Game of Life and the Game of Christian Endeavor, where players get rewarded for such niceties as "Taking flowers to the sick" and "Stopping man from beating horse."

It wasn't until the Great Depression of the 1930s, and particularly with the appearance of Monopoly, that business values began to replace Christian virtues as the core message of the industry. At the moment, there are 15 to 20 successful business-oriented games on toy shelves throughout the country, and not a single well-known game extolling Christian virtues. The current craze in the industry is for fantasy (Dungeons and Dragons) and war games (Stalingrad, Battle of the Bulge, Waterloo). Though Monopoly-style games continue to sell, more and more games are aimed at redirecting people's frustrated power drives onto other, more imaginative, and less restrictive spaces.

Like other elements of culture, games are shaped by the same dominant values that they in turn help shape, and as such reflect what a society is and wants from its people, what it would have them believe and learn, and what it would help them to forget. Insofar as they teach anything, raise socially useful expectations, substitute a make-believe equality for real inequality, allow people to let off steam and to dream while keeping them amused and occupied, games—overall—serve the social order. Marx once referred to religion as the opium of the people, but this applies equally well today to games—as, indeed, to TV, mass spectator sports, pornography, and pot. America has blessed its citizens with many opiums.

Yet this is not the whole story, for games can also serve a critical purpose, introducing uncomfortable facts, unmasking social foibles, encouraging opposition, and even presenting alternative futures. This, too, emerges from their history. Games, like science fiction, often provide the cover for fundamental criticism and even revolt. Is it only a coincidence that in chess, the medieval game *par excellence,* a knight or a bishop can corner a king? Card games originating in the same period made the jack, again representing a knight, the highest trump card. Among the early board games, the Game of Good Children (eighteenth-century France) offers a mocking view of marriage

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and the family—marrying the first woman you meet leads to getting cuckolded—and Roarem Castle (nineteenth-century England) satirizes the lives of the still-powerful aristocracy.

In America today I found but one game mildly critical of the status quo, but I did find that one. This was Anti-Monopoly (1973). In this game, true to the world in which we live, monopolies exist at the start, and—less true or possible, I'm afraid—players representing antitrust attorneys move around the board and break them up. It is a liberal game, focusing on the size of power concentrations rather than on the question of who holds power, and argues for the breakup of these concentrations rather than for a transfer of power from the few owners of property to the large majority who are now without.

Though I uncovered a few critical games, and some critical angles in traditional games, my search for a socialist game had proven futile. One respondent to an ad I placed in a game magazine said that he had invented a socialist game. Its name: Police State. Its purpose was to show . . . well, need I say? I originally expected to find socialist games in the "socialist" countries, but I discovered that board games are not very popular there. The few board games in the Soviet Union deal with sports or geting to the moon before the Americans. In Hungary there is a game in which players circle the board picking up furniture for their summer *dachas*. And Poland has a game called Director, in which players compete to make their factories rich. If there are socialist board games in these countries, I have still to hear of them.

Though there were no socialist games, I discovered quite late in my research one board game that came very close to what I was looking for. It was from Ralph Anspach, the inventor of Anti-Monopoly, that I learned that Monopoly itself had begun life as a critique of the very system it has done so much to promote. The official history of Monopoly, recorded in endless *Reader's Digest*-like articles, holds that Charles Darrow, an unemployed Philadelphia worker, invented the game in 1933, and sold it to Parker Brothers, who in turn have sold Darrow's pro-business inspiration to the world. Anspach's research shows that the real inventor of Monopoly was Elizabeth Magie, a Quaker follower of the Single Tax economist Henry

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George. She invented the game in 1903 and called it the Landlord Game. Its squares carried such inspired names as "Lord Blueblood's Estate" and "The Soakum Lighting Co."

A 1925 version of her game, by now called Monopoly, which was made by Louis Thun, states in its Introduction, "Monopoly is designed to show the evil resulting from the institution of private property. At the start of the game, every player is provided with the same chance of success as every other player. The game ends with one person in possession of all the money. What accounts for the failure of the rest, and what one factor can be singled out to explain the obviously ill-adjusted distribution of the community's wealth which this situation represents? Those who win will answer 'skill.' Those who lose will answer 'luck.' But maybe there will be some, and these, while admitting the element of skill and luck, will answer with Scott Nearing [a socialist writer of the time] 'private property.' "

Compare this with the Introduction to the rules in Monopoly sets that are now being sold: "The idea of the game is to buy and rent or sell property so profitably that one becomes the wealthiest player and eventually monopolist." Obviously, something has gone amiss. The lopsided accumulation of wealth, which Magie had denounced, has become the goal of the whole exercise. David has come out of the locker room looking like Goliath. What had begun as the only serious attempt to question the foundations of our social system has ended up as its most effective defender. Why?

Not long after I began my investigation into games, I developed the nagging doubt that maybe I really didn't know what I was looking for. What were socialist games, anyway? The frightening story of the metamorphosis of the Landlord's Game into Monopoly gave new urgency to this question. I had been content to think of socialist games as simply the opposite of Monopoly and other business-oriented games. They would not promote greed or present American society as a battleground where everyone had the same chance to win. But if everyone did not have the same chance to win, what kind of game could that be? I began to suspect that maybe there were no socialist games because there could be none. For a game to play well, all the players must begin with the same advantages and disad-

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vantages. They must have an equal chance of winning. No one would want to play a game where the other fellow starts with all the chips and you start broke, where his connections (Daddy) and special knowledge of the rules (schooling) permit him to advance to the choice squares, where he has a half dozen throws of the dice to your one, and where, if he wins often enough, he gets to play with his own dice. Not much of a game, but it happens to be life in our society. To make a game of life did not seem to hold many possibilities for gaming.

On the other hand, to make a fair game, to give each player the same chance of winning, meant the distortion of real life. The defection of Monopoly to the camp of the enemy was only partly the result of changing the labels and introductions. More fundamentally, it came from making everyone an equal participant from the start in the struggle to amass property. Whatever her game's progressive trimmings and her own intentions, Elizabeth Magie had invented a capitalist game, and it was only a matter of time and a little business razzle-dazzle (which in America always comes in time) before its internal dynamic asserted itself.

My conclusion left me with a head-splitting dilemma: for a game to meet the elementary requirements of gaming, it could not be socialist. If it were socialist, focusing on the inequalities in our society and showing what could be done about them, it could not be a game. Unless . . . and it is with this "unless" that I struggled for a long time. I hated to accept such a bleak conclusion. A socialist game, I was convinced, could break through mountains, establish beachheads on the furthest shore. It could sing to people in a voice they would understand. And yet, if such a game didn't already exist, it must mean . . . no, too negative. I would try. The discussions with Sol and others went on . . . as if . . . if only. And then, a huge breakthrough.

What if the players are not individuals, but classes? What if they represent classes? In *The Ragged Trousered Philanthropists,* my favorite socialist novel, Robert Tressell has his working-class hero adopt such a ploy in a charade he plays with his fellow workers in order to explain the labor theory of value. I had restaged this scene many times in my NYU classes. Would it work here, in the game? One could make capitalists and

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workers roughly equal in power, though of course the sources of their power are very different. The game could even explore these different sources of power, and when and how they are used. The game could deal with the class struggle. The game would *be* Class Struggle. The main pieces fell quickly into place. Until one morning I tumbled out of bed to be greeted by the world's first Marxist board game. Class Struggle, anyone?

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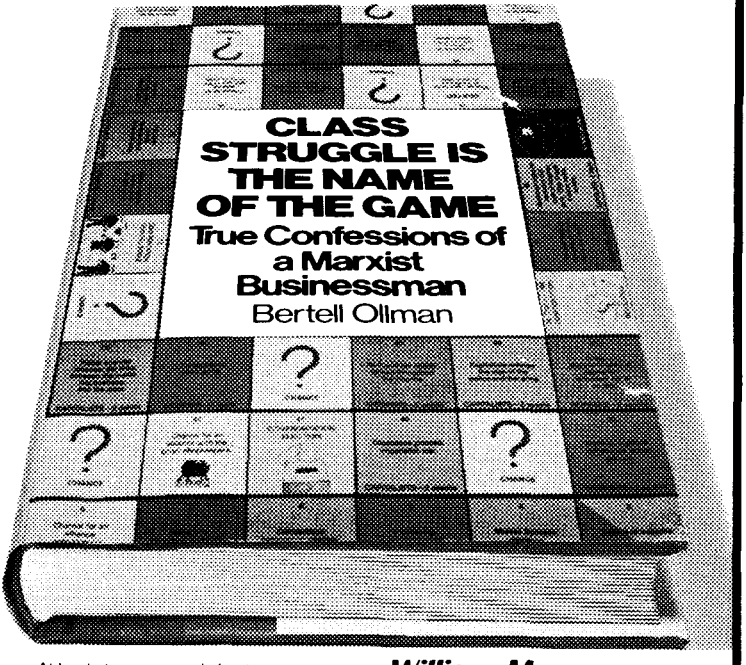

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By Paul M. Sweezy

A History of the Economic Analysis of the Great Depression in America, by William E. Stoneman. New York and London: Garland Publishing, 1979. 280 pp., $30.

From New Deal to New Economics: The Liberal Response to the Recession of 1937, by Dean L. May. New York and London, Garland Publishing, 1981. 220 pp., $25.

These two books are timely and welcome. They deal with aspects of the same historical phenomenon, the Great Depression of the 1930s, but they do so in ways that are complementary and involve almost no overlap.

Stoneman's work is, as the title suggests, an essay in the history of economic thought. Except for a preface dated August 1978, it is an apparently unchanged reprint of a Ph.D. dissertation presented to the Harvard Department of History in 1969. The reader should keep the date in mind. The late 1960s were the last phase of the long wave of prosperity that followed the Second World War. By that time the economics profession quite generally assumed that the business cycle had been tamed and that serious depressions were a thing of the past. Reflecting this thinking, Stoneman uses such expressions as "the reforms that were required, and finally made, for the preservation of capitalism" (p. 235) and "the stabilized contemporary economy." (p. 237) In other words, in his view the lessons of the Great Depression had been learned and acted upon: what remained to be done was to tell the story of how the economists of the 1920s and 1930s had struggled with the

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puzzles of the crash of 1929-33 and the stagnation of the 1930s, finally reaching the solutions on which the successes of the postwar period were supposedly based.

From the vantage point of the early 1980s, this way of perceiving the experiences of the interwar period is likely to appear more than a little naive. Stagnation, in its new form of stagflation, returned in the later 1970s; and at the time of writing in the spring of 1982, we are suffering from the second sharp recession in as many years. The business cycle manifestly has not been tamed, nor can the contemporary economy be called in any way stabilized. If Stoneman's dissertation had been written ten years later, we would surely be justified in expecting it to throw more light than it does on the extent to which the analyses of the Great Depression which he examines can help us to understand the stagflation and crises of the 1970s and 1980s. As it is, the best we can do is to make what use we can of the materials he presents for purposes he never envisaged.

The scope of Stoneman's book is actually broader than its title suggests. Roughly half is devoted to the writings of the 1920s and early 1930s on the much-touted New Era and its inglorious end in the crash of 1929. The authors who receive most attention in this part of the book are Wesley Mitchell, John Maurice Clark, Irving Fisher, Frederick C. Mills, and the pre-*General Theory* Keynes. While they all recognized the extraordinary severity of the slump following 1929, none as yet had any conception of a "Great Depression"; and only Keynes subsequently made a major contribution to understanding the phenomenon when its dimensions began to be clear. It is hardly an exaggeration to say that Keynes's *General Theory* was the first major work on the Great Depression, and that only after its publication does the real "History of the Economic Analysis of the Great Depression in America" begin. This is in effect recognized by Stoneman in the opening sentences of Chapter IV nearly halfway through the book (p. 99):

> As the 1930s wore on, the focus of economic interpretation inevitably moved away from the analysis of the boom and bust of 1921-1933 and toward the specific problems of the 1930s, viewed as a new age of depression. Interpretation of the prior cycle was coming to seem only part of the task of analysis, and often a part distinctly secondary to the question of what was wrong now. After the great recession of 1937-1938, the focus on the peculiar abnormalities of the thirties, of course, became still more engrossing. But *The General Theory* of Keynes, published in 1936, was already

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squarely oriented to the problems of prolonged depression and unemployment.

The remainder of the book consists of four chapters which, while not as sharply focused as one could wish, do bring together much useful material on the debate over stagnation which was effectively initiated by Alvin Hansen's 1938 book *Full Recovery or Stagnation?* The main authors dealt with in these chapters, in addition to Hansen, are Schumpeter and Keynes (along with various critics and commentators on their works). Stoneman gives deserved space to a number of nonprofessional economists, notably Stuart Chase and George Soule, whose analyses were often more insightful than those of their academic contemporaries. A weakness, at least in the judgment of this reviewer, is a consistent and exaggerated overestimation of John Maurice Clark's contribution to the analysis of the Great Depression. Clark was certainly one of the top-ranking economists of his period, the author of a number of important works which transcended the sterile formalism of orthodox neoclassicism.* But he never grasped the profound importance of the Great Depression as a watershed in U. S. economic history, and his contributions to its understanding were of minor importance compared to those of Keynes, Hansen, and Schumpeter.

From New Deal to New Economics, by Dean L. May, professor of history at the University of Utah, is a book of a very different kind. It pays scant attention to academic economists, dealing instead with the development of government policy from the Hoover administration to the eve of the Second World War. Within this framework May focuses narrowly on the debates and struggles which took place within the executive branch: throughout the book there is hardly a mention of the profound class and social conflicts which racked the country in the decade of the Great Depression, and even the roles of the Congress and the courts are largely ignored. There is of course no reason to fault authors for their choice of subject matter; but in a case like this, one should be careful not to fall into the trap of attributing undue influence on the course of events to the individuals whose ideas and decisions come under special scrutiny. This is not to deny or denigrate the importance of Roosevelt, Morgenthau, Eccles, and Harry Hop-

* Outstanding were *Studies in the Economics of Overhead Costs* (1923), *Social Control of Business* (1926, revised and expanded edition 1939), and *Strategic Factors in Business Cycles* (1934).

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kins—the chief protagonists in the drama unfolded by May—but simply to remind readers that these men were reacting to powerful social and political forces let loose by the economic turmoil of the 1930s. Much that happened onstage can be properly understood only if it is related to the larger national and international context.

Within his self-imposed limitations, May does a good job. Those looking back on, without having lived through, the 1930s are likely to think of the Great Depression in a fundamentally misleading way. The whole decade was depressed, and there is an understandable tendency to assume that people's perceptions and interpretation of what was going on shared a similar continuity. Nothing could be further from the truth. The recession of 1937—a recession within the depression—marked an abrupt discontinuity between two subperiods. Until then, the general impression was that the cyclical downturn of 1929-33 was unusually severe, like those of the 1870s and 1890s, and that recovery was therefore correspondingly slow and drawn out. But hardly anyone was prepared for another sharp downturn with unemployment still at nearly 15 percent of the labor force. When this actually occurred in the summer and fall of 1937, a totally new situation was created. Suddenly all existing dogmas, explanations, expectations were thrown out of kilter. Catastrophe had struck like a bolt of lightning, and the result was unbelievable shock and confusion. Preparing for an important speech to the Academy of Political Science in November 1937, Henry Morgenthau told his staff: "I need to know what I'm talking about, and know where I'm going. Now if they ask me today, I don't know—I don't know what the President's done. He doesn't know because nobody's ever laid this out for him. . . . But what I'm trying to get him to do is to lay out a program for the next three years that he is in [office]. . . . One of the real reasons that people in this country are so frightened is that they don't know. They don't know where we're going." (p. 15)

It is the great merit of Dean's book to have recognized this situation for what it was—a turning point not only in the Great Depression but in the history of the country—and to make it the central focus of his entire analysis. I suspect that he was able to do this, despite having had no first-hand experience of the period, because he had immersed himself in the voluminous diaries of Morgenthau and the comparably extensive papers of Eccles, and thus came to understand not only the actions but also the thoughts and feelings of these two crucially important New Deal figures. They were very different men from vastly different backgrounds,

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an aspect of the drama they were caught up in which Dean handles well and interestingly.

One of the themes which pervades the whole period covered in Dean's book is the problem of the budget. Dean shows that both Republicans and Democrats, Hoover and Roosevelt, were deeply imbued with the idea of the enormous importance of balancing the budget. Both sides fervently believed that unbalanced budgets, which began under Hoover, were part of the problem, not of the solution. Both Morgenthau and Roosevelt still held to this view as late as 1937, when the recession was upon them; and even when FDR finally embraced a policy of deficit spending as a way out in 1938, he thought of it as an emergency program to be terminated at the earliest possible moment. Only Eccles among the top figures of the New Deal emerges from Dean's account as one who by the end of the decade had, at least tentatively, reached the conclusion that in order to work satisfactorily an economy of the kind that had developed in the United States would require *permanent* government fiscal stimulation.

In an important sense, the title of Dean's book ("From New Deal to New Economics") is misleading. It suggests that what later, during the 1950s and 1960s, came to be known as the "new economics" had already achieved recognizable shape and status by the end of the 1930s. As one who "was there" and took an active part in the economic controversies of the period, I can testify that this was not the case. It is true that following the publication of the *General Theory* in 1936 and the recession of 1937-38, the ideas which later crystallized as the new economics began to circulate fairly widely, but such implementation as they received at the time was essentially a by-product of the recession emergency, and the problems which had given rise to them in the first place receded into the background with the coming of the war. It was only *after* the war and in an entirely changed economic and intellectual climate that these ideas were revived and reshaped into what became a new orthodoxy for a period of more than two decades. The triumph of the "new economics" is best symbolized by Paul Samuelson's *Economics,* the first edition of which appeared in 1948 and which practically monopolized the elementary textbook market well into the 1970s. And the reason for this triumph was not the compelling force of the ideas as such but rather that they fitted in so well with the fiscal and financial requirements of U. S. imperialism in its brief period of undisputed hegemony.

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In conclusion, it may be appropriate to ask why it was that the U. S. ruling class as exemplified by its best academic minds and its top political leadership—which together occupy the center of attention in the two studies here under review—so signally failed to comprehend the deep roots and vast implications of the great economic upheavals of the 1930s. The answer, I believe, is that U.S. bourgeois society up to that time had successfully insulated itself from any influence of Marxism, which alone among socio-economic theories had penetrated to the essence of capitalism as an inherently expanding and contradiction-laden social formation. Today, some 50 years later, the ruling class still closes its eyes and ears to a realistic analysis of capitalist reality, with the resultant appalling and indeed shameful confusion that now reigns in business and government as well as among the accredited purveyors of wisdom in academia and the media. But now at any rate, in contrast to the 1930s, there is a growing awareness in less exalted circles, especially the younger generation of social scientists, that the roots of the Great Depression as well as of its present-day counterpart are deeply embedded in the very nature of the capitalist system.

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LEGAL FICTIONS

By Katherine Van Wezel Stone

The Politics of Law: A Progressive Critique, ed. by David Kairys. New York: Pantheon Books, 1982. 321 pp., $9.95 paperback.

In many disciplines an effort has been underway for the past several years to redefine Marxism so as to retain its insights and normative guidance yet to transcend its mechanistic overtones. The impulse for these efforts has been a generalized sense amongst Marxist scholars that the pre-emptive role ascribed by classical Marxism to the "economic base" and the subsidiary, or merely reflective, role ascribed to all other cultural events, such as politics, law, and art is an inadequate description of the current social world. The writings of Lukács and Gramsci highlighted for many the importance of analyzing capitalism not merely as a set of economic relationships but also as a set of beliefs, practices, and institutions that perpetuates itself by exercising a certain moral authority over all who participate in it, even those who are exploited or oppressed by it. The concepts of "hegemony" and the "fetishism of commodities" became increasingly meaningful intellectual guides for those trying to understand how the capitalist system managed to weather crisis after crisis and how potentially powerful opposition movements often failed to establish lasting roots. These concepts focused attention upon individual subjective perception of social life, rather than upon some definition of "objective conditions."

This re-examination of Marxism began with the insight that people take social action, not when their social conditions are par-

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ticularly oppressive, but when they perceive their conditions to be unjust. Perceptions are therefore an independent force, not merely a mechanistic reflection of some objective reality. Put another way, the traditional "superstructure," rather than being merely reflective, was in fact constitutive—that cultural factors created acquiescence and obedience, allowing the capitalist system to exercise not merely power, but authority. The task of scholars, as well as activists, then became to understand how cultural factors acquired and exerted their "hegemonic" force and how the consciousness so produced could be penetrated.

Not surprisingly, this endeavor proceeded most energetically in such fields as literature, sociology, anthropology, and law, fields concerned with those cultural areas that had theretofore been relegated by Marxists to mere "superstructure." In law, this quest took the form of trying to answer the question: If law is not merely reflective of happenings in some posited economic base, then what is it? What is the relation between law and the rest of society?

The answer perhaps began with the notion that law was neither completely determined by the base nor wholly autonomous from it, but rather was "relatively autonomous." The relative-autonomy-of-law formulation helped to carve out an intellectual space, but it did not fill it. The concept, by itself, could not explain when the law was autonomous from the base and when it was determined by it. If law was not merely a reflection of capitalism's crass and immediate interests, but was rather a reflection of its enlightened long-term interest, then relative autonomy was nothing more than specious autonomy. The old base-superstructure dichotomy was back in another form and nothing had been learned about the independent and constitutive role of law.

At this point it became apparent that one had to transcend not merely the old duality, but the old terminology as well. The very term "economic base" had to be questioned, as well as the notion that events in one arena of social life "cause" events to occur elsewhere. Questioning these categories, however, created intellectual anomie, because without some notion of historical causality or some category like "the economy," it is very difficult to talk about social life at all. What was needed was a new theory, or methodology, that could enable social thinkers to progress beyond the Gramscian and Lukácsian insights without falling back into the base-superstructure trap. Thus progressive thinkers in all the cultural disciplines experienced the need for a better theory and set themselves to the task.

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In the field of law various law teachers as well as practicing lawyers formed a group called the Conference on Critical Legal Studies in order to grapple with these issues. Later a group inside the Lawyers' Guild formed the Theoretical Studies Committee to join the undertaking. *The Politics of Law* is a progress report on the work of both groups.

The essays in *The Politics of Law* span a wide variety of areas of law from jurisprudence and legal history to particular substantive areas like criminal law, torts, contracts, and discrimination law. As in any collection, they vary as to analytic acuity, readability, and vitality. They also vary as to point of view. However, the book is not a potpourri of ideas about law. On the contrary, the variations occur within a narrow spectrum and reveal both the emergence of a new coherent approach to law as well as the tensions within it.

The framework in which the book is best understood is found in Marx's essay "On the Jewish Question." This essay forms the unstated subtext for many of the chapters. In "On the Jewish Question" Marx describes, as one of the essential features of capitalist democracies, a division between political society and civil society. Political society, or the "state sector," is all of public life. It is the realm of formal democracy, in which individuals participate as citizens by their vote. The tripartite form of government with its "checks and balances" makes political society formally representative and accountable to majority rule.

Civil society, on the other hand, is not formally majoritarian or democratic. Rather, it is conceived as the realm of private freedom where individuals are free to pursue their own interests and to order their affairs as they wish. The only ordering principle in civil society is that of the abstract market, which is itself conceived as a product of multiple individual voluntary deals.

According to Marx, democratic capitalism requires both sectors for its legitimacy, and that the two sectors remain separate. Only in that way can society appear to be the product of democratic, majoritarian processes, while the market simultaneously generates great differences in wealth and power. Individuals remain free and equal "citizens" for the purpose of their involvement in the state sector, while within civil society individuals are not equal but instead are subject to private coercion and domination.

The role of law in this schema is twofold. In the first place it prescribes the rules that permit each of the two sectors to function as it does. Thus the rules of law for the state sector differ from

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those in civil society. The rules in the state sector are found in constitutional law, administrative law, criminal law, and other areas of "public law." In civil society, the rules are primarily the law of contract and property. However, the division between the two sectors is an artificial one, entailing another role for law—to maintain the dividing line.

For example, the fact of economic inequality in civil society means that behind the facade of freedom lies a great deal of coercion. Unequal bargaining power has a tendency to increase and become amplified over time. Thus wage contracts tend to become yellow-dog contracts, and successful enterprises tend to become monopolies. These outcomes increasingly belie the myth that a contract is a purely voluntary arrangement or that the market can be counted upon to produce optimal resource allocation. To correct the negative outcomes of a "pure" regime of freedom of contract, the larger body politic intervenes in civil society, passing child labor laws, antitrust laws, etc. For similar reasons, legal doctrines such as duress and unconscionability have developed to mitigate the coercive effects of contracts between vastly unequal bargaining partners. Certain contracts are declared altogether unenforceable by the usury laws and the rules about legal capacity. Similarly, tort law is the imposition by the state of rules of behavior for civil society. All of these interventions by legislation and common law constitute the ground rules for civil society.

The law seeks to deny the significance of these majoritarian interventions into civil society by claiming the occurrences are mere exceptions to the prevailing market principle. It attempts to keep the exceptions narrow and well-demarcated. Thus, for example, the doctrine of duress as an excuse for breach of contract is limited to circumstances of physical threats and coercion; mere poverty and economic necessity do not suffice. All of the efforts to narrow and define the "exceptions" are, in effect, an effort to maintain a clear boundary between the state and civil society, between the will of the parties and the will of the majoritarian state. The fact that the exceptions are constantly made and often go beyond their initial narrow definitions indicates the artificiality of that distinction.

The newly emerging legal scholarship represented in *The Politics of Law* is an attack on the role law plays in maintaining the legitimacy of the social order. It attacks the notion that the rules of law in civil society do indeed create "freedom" by demonstrating that the realm of freedom is really the realm of private domination. It also seeks to show that within civil society, the rules of law

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are neither natural nor necessary, but rather are contingent and political. Thirdly, it attacks the illusion, maintained by the law, that the two areas of life can be hermetically separated. And, most importantly, it examines the various ways legal doctrines have created that illusion in order to discern why the illusion works.

To this end, critical legal scholars in labor law argue that the wage contract is not purely a matter of private concern and cannot be relegated merely to civil society. In discussing discrimination against women, critical scholars look at how family law, by treating the family as a matter for civil society alone, has subjected women to a realm of private domination. Other essays in the book show that even within a capitalist democracy, legal rules and concepts can take many different forms. Thus, for example, the essays on legal history and contract law reach back into legal history in order to show that existing legal rules have not always been in vogue, and that at times quite different rules governed. This is an effort to create a sense of contingency in law in order to ask how and why particular legal rules came about. Other essays try to explore the relationship between legal arrangements and subjective perceptions. If Marx is right that capitalist democracies depend upon the legitimating role of the division between the state and civil society, a division which is itself maintained by the law, then all such efforts to "delegitimate" the law are transformative acts.

There are several problems, however, with this working hypothesis, which are evident in the book. The first is that the legal realists long ago engaged in detailed deconstruction of legal doctrines in order to reveal their artificiality and inherent biases. By itself, such efforts are interesting but politically indeterminate. Debunking legal categories can delegitimate the legal order, but it also can create an impotent cynicism. The contribution of the new scholarship is that it moves beyond deconstruction to look at why the deconstructed categories have potency. However, the urge is almost irresistible for legal scholars, even "critical" ones, to simply deconstruct. The experience of the legal realists should have taught us that whatever the legitimating impact of law, it is not reversed by merely unpacking legal doctrines. Deconstruction must be combined with a social theory about the role of law and a normative vision for society in order to have political force.

Some of the essays also suffer from a tendency to try to relate legal developments to a simplistic version of social history, so as to imply that legal developments can be correlated precisely with the needs of a developing capitalist economy over time. This tendency

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falls back into the old base-superstructure thinking that the book seeks to transcend. The tenacity of that mode of thought reflects a desire to locate a clear causal relationship between law and society. Its reassertion even by those who most adamantly criticize it, demonstrates that the newly emerging critical approach to law has not yet yielded a satisfying alternative.

Thus the new endeavor is fragile, and vulnerable to attack from both the right and the left. The book reflects both the strengths and the weaknesses of the new approach. It should perhaps be viewed as a palimpsest, containing layers upon layers of critical thought about law. Many generations of legal scholars have grappled with these questions in the past, and the authors replay their efforts as they reach for a new conception.

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CORRESPONDENCE

BATS IN THE BELFRY: ON THE CAPITALIST STATE

By Bill Livant

The following 10 theses are derived from Bertell Ollman's 19 "Theses on the Capitalist State" (MR, December 1982):

(1) The Capitalist State is a Bat.*

(2) Bats live in caves, where they sleep upside-down. But awake, they hunt and feed in the open air where they fly rightside-up. They search by sonar, destroy by force, and live off the blood of their prey.

(3) Bourgeois theories of the Bat are greatly embarrassed by the Bat awake. Therefore, they are confined to the Bat asleep. They describe the Bat awake as if it were the Bat asleep. And, like Cacus the cattle thief in his cave, they describe the Bat rightside-up as if it were upside-down.

(4) The task of Marxists is to help the people on whose blood the Bat feeds to seize the Bat. But this is easier said than done. To seize the Bat requires a protracted hunt.

(5) Therefore, Marxists must understand the *whole* Bat; the Bat both asleep and awake, both upside-down and rightside-up, both silent and vocal, both clean and bloody.

(6) These are *contradictory* conditions of the real Bat. They will therefore be reflected in contradictions among Marxist theories of the Bat.

(7) When the theories are taken together, these contradictions are not a weakness, they are a strength. This is so because, to

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Bill Livant teaches psychology at the University of Regina, Saskatchewan.

* "The most formidable hurdle facing all readers of Marx is his 'peculiar' use of words. Vilfredo Pareto provides us with the classic statement of this problem when he asserts that Marx's words are like bats: one can see in them both birds and mice. No more profound observation has ever been offered on our subject." Bertell Ollman, *Alienation,* Chapter 1 ("With Words That Appear Like Bats"), p. 3.

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hunt the Bat successfully, it will be necessary to face *all* its contradictions. The contradictions are all *equally true.*

(8) But they do not have to be faced all at once. Therefore, though equally true, they are of *unequal* and *changing importance.* It is the task of Marxist theory to describe not only the contradictions of the Bat, but also the conditions of struggle to seize the Bat which regulate their importance.

(9) To do this, it is necessary for Marxist theory to be connected to the struggle to hunt and seize the Bat.

(10) Seize the Bat.*

U. S. NUCLEAR POLICY

By Brian E. Scanlon

I enjoyed very much your article "Nuclear Chicken" in the September issue. I would like to add a couple of comments:

(1) Your main point, that nuclear weapons are being developed for use as a coercive arm of U. S. foreign policy, is very strongly supported by an article that appeared in the Summer 1980 issue of *Foreign Policy,* entitled "Victory is Possible." The authors were Colin Gray and Keith Payne; Mr. Gray is now a member of the National Security Council. In that article the purposes of our weapons build-up are very frankly summarized: "However, American strategic forces do not exist solely for the purpose of deterring a Soviet nuclear threat or attack against the United States itself. Instead, they are intended to support U. S. foreign policy. . . . Such a function requires American strategic forces that would enable a president to initiate strategic nuclear use for coercive, though politically defensive, purposes." (p. 20)

(2) I don't think you should discount, as you appear to have done on p. 8 of your article, the role of irrationality, of some form of madness, in the decision-makers of the U. S. ruling class. Instead this is an area of uncertainty. Such things as self-propagandization, the selection processes for leaders, and many other areas of psychological formation within this class are legitimate areas of study.

Brian Scanlon is a civil engineer active in the peace movement and Democratic Socialists of America.

* This is not, strictly speaking, a tenth thesis; it is rather the Tenth Commandment.

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(Continued from inside front cover)

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MR Press is pleased to announce the launching of a major new book series, The New Feminist Library, dedicated to the memory of Sarah Eisenstein. The first of the series is the just-published *Powers of Desire: The Politics of Sexuality,* edited by Ann Snitow, Christine Stansell, and Sharon Thompson. Several contributors to this volume will be participants in the next MR Forum, "A Politics of Sexuality for the 1980s," to be held in November. Details in next month's issue.

The New York Marxist School (151 West 19th Street) is holding a fund-raiser to support its educational work on Tuesday, September 27, at 7:30 p.m. A buffet supper will be followed by a discussion on the nature and prospects of the present economic recovery to be led by MR co-editor Paul Sweezy. Tickets for the supper are $10 and can be ordered by calling (212) 989-6820 or sending a check to New York Committee for Education, P.O. Box 419, Village Station, NYC 10014.

Additional news from the New York Marxist School: Rudolf Bahro, author of *The Alternative in Eastern Europe* and *Socialism and Survival,* and a member of the steering committee of the West German Green Party, will speak along with Richard Levins, professor of biology at Harvard, on "Building a World of Solidarity: Peace, Ecology, and Social Transformation," on Friday, September 23, at Washington Irving High School. Tickets ($4 in advance, $5 at the door) will entitle holders to participate in a workshop with Bahro at the School (address above) on Saturday morning. The workshop will deal with the Greens' experience and its possible relevance to the United States.

Barry Munslow, author of "Is Socialism Possible on the Periphery?" (MR, May 1983), calls attention to two needed corrections in that article, one important and one minor: (1) the important one is that on line 5 of p. 29 "two *years* of liberation" should read "two *wars* of liberation," a bad typographical error of undetermined origin. (2) The minor correction is that Barry Munslow's department at the University of Liverpool is not Sociology, as stated, but Political Theory and Institutions.

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